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Did **YOU** know...

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[ #49 ]

# Did YOU know

..... that United States farmers use member-owned cooperatives for nearly every aspect of their farm business?

Through their cooperatives, they .....

- move about a fourth of their products to market.
- obtain about a fifth of their production supplies.
- get about a fifth of their farm credit and about three-fifths of their credit for their cooperative business.
- carry half of all their fire insurance and much of their other kinds of insurance.
- secure water for a fourth of all irrigated land in the United States.
- provide themselves with electricity in 90 percent of the U.S. counties.
- maintain modern telephone service for nearly half a million members.
- use artificial breeding to upgrade half a million of their dairy herds.
- jointly use expensive machinery they can't afford as individuals.
- obtain many on-farm services such as spraying, harvesting, spreading fertilizer, soil testing and advice on methods and products.



## Cooperatives give the FARMER a vote in the marketplace . . .

The farmer individually cannot bargain on equal terms with large suppliers and buyers. But by joining with other farmers to form cooperatives, he can greatly strengthen his muscle in the marketplace.

## Cooperatives are PRIVATE enterprise . . .

Cooperatives are owned by individuals--their member users who want to add to their incomes or get better service. Cooperatives are a means to a better living for farmers.

The purpose is to do a better job of marketing farm products and of getting supplies and services. To achieve this, cooperatives operate at cost, with net margins returned to members in proportion to the business they do through their cooperatives.

## Cooperatives generally are SMALL firms . . .

Over 90 percent of the farmer cooperatives in the United States employ fewer than 20 people, and only 1 in 4 does more than \$1 million in business a year.

Recent mergers have increased the size and effectiveness of some cooperatives. Even the merged cooperatives are small compared with many other American businesses. The combined total business of all farmer marketing and purchasing cooperatives is not as great as the individual business of several of our larger corporations.



## Cooperatives for rural electric and telephone service are PRIVATE investments . . .

Nearly six million investor-consumers own the 996 rural electric and 225 rural telephone cooperatives. They are member-owners who live in the rural territory their cooperatives serve. The Rural Electrification Administration does not own or operate these rural systems. They are built, owned, and controlled by the consumers they serve.

In addition to repaying all REA loans with interest, rural electric and telephone cooperatives make full payments on all taxes the laws impose. Since they are non-profit service organizations, there is no basis upon which to pay Federal income tax.

## Cooperatives are an IMPORTANT part of the economy . . .

Although most cooperatives are small, they do a total marketing and production supply business of about \$13.8 billion, not counting the business between cooperatives. In addition, they provide a large amount of farm business services.

## Cooperatives set their OWN course . . .

The authority exercised by a cooperative management derives from the farmer members. And the membership can, if it chooses, change or cancel any authority it delegates. Cooperative membership is voluntary on the part of the farmer.



## Cooperatives are INNOVATORS . . .

Cooperatives often develop new production standards and methods. In many instances they actually develop new products in their own plants.

One example: Fertilizers resulting in important savings to agricultural producers. Or they produce a food or fiber product that meets consumers' changing tastes in order to find markets for farmers.

## Cooperative capital is largely FARM capital . . .

The ownership capital invested in a farmer cooperative comes from members. However, additional capital needed in operations can be borrowed from all the usual sources of loan funds used by other businesses. In addition, they borrow from banks for cooperatives supervised by the Farm Credit Administration. These banks sell debentures to the investing public to get the money to lend.

Also, the Farmers Home Administration now has a program to lend money to cooperatives for certain types of operations if they can't obtain credit elsewhere, and the Rural Electrification Administration provides long-term loans to rural electric and telephone cooperatives.



## Cooperatives are EFFICIENT businesses . . .

Farmers expect good service and reasonable prices and returns from their cooperatives--at least equal to other businesses in the area. Cooperatives that don't meet such expectations usually cannot long survive. Net savings for cooperatives--production supply, marketing, and business services--amount to about \$500 million a year.

## Cooperatives are COMMON to city and country . . .

People in cities as well as in the country join together in business cooperatives to provide themselves with many types of services--housing, insurance, credit through credit unions.

Other businesses also use cooperatives. Independent grocers, druggists, and others join together in cooperatives to buy in large volume in order to compete with chains and big-volume businesses. Newspapers have set up the Associated Press to pool their efforts and expenses in collecting news.

## Cooperatives are SUBJECT to anti-trust laws . . .

Congress enacted a law in 1922, the Capper Volstead Act, that permits farmers to form cooperatives without being in violation of anti-trust laws. But once organized, a farmer cooperative, in its conduct and operations, is just as answerable to the anti-trust laws as any other corporation.





## Cooperatives BENEFIT consumers . . .

The grocers' shelves and our kitchens are stocked with many high quality products developed by cooperatives.

Well-known cooperative brand names are: Sunkist and Donald Duck citrus, Land O'Lakes dairy products, Diamond walnuts, Welch grape products, Ocean Spray cranberries, Sunsweetprunes and apricots, Sun-Maid raisins, Norbest and Rockingham poultry--to name a few.

## Cooperatives BENEFIT the communities . . .

Cooperatives provide at least 200,000 jobs, mostly in rural areas. Most of the salary money is spent for goods and services in the home area, thus multiplying the benefits of the cooperative.

The cooperative itself is also a large purchaser of goods and services--such as trucks, machinery, packaging materials, water, gas, electricity, telephones, and scores of other goods.





## Cooperatives-Partners in American Life





